

Hood Canal Coordinating Council Forestry Survey Responses

What do you need to be successful in forestry endeavors in Hood Canal with respect to:

- Balance between regulations, incentives, and stewardship?
- Land availability/affordability?
- Market access/price?
- Community perception/support?
- Other?

Mike Cronin, Cronin Forestry in Port Townsend, WA

The balance between regulation, incentives and stewardship.

Predictable, consistent regulations designed to protect public resources and encourage forest management as with the Forest Practices Rules (rather than county regulations) are at least as important as incentives in allowing small landowners to be good stewards of forest land. Programs to compensate small landowners such as EQUIP, FFFPP, and Riparian Easements are effective incentives that foster good stewardship.

Land Availability/Affordability

If land values continue to rise the forest land changes hands more often. This lack of consistent ownership is not conducive to good stewardship and sustainable forest management. Zoning to encourage and protect agriculture and forestry as was intended by the growth management act has not prevented land prices from exceeding their productive capacity. If speculation (on other more intense use) drives forest land prices high enough forest stewardship will suffer.

Market access/Price

It is important to maintain the forest products manufacturing facilities we have now as well as encourage new and innovative markets so that the forest landowners I work with will be able to afford to keep their lands in forestry. We need to recognize that the Mills in Shelton are critical to keeping forest lands whole all over the Olympic Peninsula. If landowners have more sources for their products they will look favorably on long term forest management.

Community perception/support

This is a big one! The people I work with do not want to be perceived as bad stewards. To say you support working forests and all the benefits they provide requires a person to accept the reality of timber harvest. We can “export our demand” and procure our building materials from somewhere else where we don’t have to see it, or we can face the costs of our existence. Working to improve understanding of the term “sustainable” is a great start.

John Shea, Olympic Resource Management in Poulsbo, WA

The most important factor in sustaining on-going commercial timberland management in any location, Hood Canal included, is the ability to generate a reasonable rate of return on forest investments. Without an adequate return on capital invested in the business, landowners have only the incentive to harvest the merchantable timber, and then sell their land or convert it to another use. If forest productivity is low, on gravelly glacial soils for example, rotation ages are longer and maintaining an adequate return is even more challenging. This is common in parts of the Hood Canal.

Therefore, commercial timberland managers must strive to;

- 1) maximize growth using advanced silviculture (planting superior seedlings, controlling brush, thinning, and fertilizing),
- 2) harvesting and transporting logs cost efficiently,
- 3) selling logs into an active, competitive market for all products (export, domestic, poles, peelers, and pulpwood),
- 4) enhancing returns from alternative sources of revenue such as gravel, rock, floral greens, firewood, recreational fees, geothermal energy, electricity from wind farms, cell tower leases, etc.
- 5) providing land in appropriate places for use by an expanding population.

Forestry is a long-term investment. Planting a tree and nurturing and protecting it for 40 to 50 years until harvest takes a lot of faith and exposes an investor's considerable capital outlay to numerous risks, including the following:

- Will there be enough mills remaining in the area to assure a competitive price for the logs produced from this forest investment?
- Will the U.S. housing market support harvest of timber when the timber reaches maturity?
- Will there be a skilled workforce in place to harvest and transport the timber to the mills?
- Will the cost to maintain roads, bridges, and culverts increase to the point where the investment no longer makes sense?
- Will there be new restrictions and regulations on harvesting that drive up costs?
- Will a new endangered species be designated, impacting our ability to harvest trees we've cultivated over a number of decades?
- Will there be a fire, windstorm, disease, or insect outbreak?
- Will property taxes and other forms of timber taxation change over the life of the investment?
- Will encroaching populations make it difficult to harvest the trees planted today?
- Will supplies of logs and lumber from other countries with either lower environmental standards or taxes make forest products from this region noncompetitive in either local or foreign markets?

All of these risks must be considered when making an investment to establish a stand of timber. If these risks translate to a low or negative return on investment, commercial forestry stops, mills close, jobs are lost, land is sold, and land management and use changes.

Our company has owned and managed timberland in the Hood Canal region for over 150 years. Many of our forests are being logged for the third time, a demonstration of the sustainable nature of commercial forest management. In addition to providing a valuable array of forest products, our forests also provide open space, clean water, and wildlife habitat. Our trees produce wood in a factory powered by the sun, consume carbon dioxide, and cast off oxygen as a by-product. In addition to this carbon sequestration in our standing timber, carbon is also sequestered in the lumber and other forest products produced from our lands. This continuous cycle of renewable building material and carbon sequestration is testament to not only the long-term sustainability of commercial timber growing operations, but also to the added societal benefits that help combat global warming. We remain committed to this sustainable commercial forestry business model and it is our hope that we will be able to continue this practice on productive timberlands in Washington State, and in the Hood Canal watershed, for generations to come.

What do you need to be successful in forestry endeavors in Hood Canal with respect to:

1) Balance between regulations, incentives, and stewardship?

Forest management on private lands in Washington State is highly regulated, second only to California in terms of restrictions placed on the landholder. Approximately 15% of all our lands in Washington, including the Hood Canal tree farm, is set aside as unavailable for harvest either because it's a wetland or lake, or due to regulations that stipulate stream buffers, riparian zones, or steep and unstable slopes. Excess regulation, as clearly demonstrated in California, has produced unforeseen landowner incentives to exit the industry, and sell and fragment large timberland tracts. To avoid some of the pitfalls that have impacted California, **Washington should strive for regulatory stability and avoid more forest regulation.** This will provide landowners with the certainty they need to make long-term investment decisions on the forestlands they own.

From a landowner's perspective, **incentives for forestry management are always viewed more positively than additional regulation.** This is especially true in Washington, which already enjoys some of the most rigorous set of forestry regulations in the world. Incentives can take one of two broad forms, either to encourage development of new products or to change taxes in order to encourage new forestry investment. Examples of the former include tax credits to encourage investment in biomass power plants and credits for supplying biomass raw material. Tax incentives can take the form of an investment tax credit to establish new forestry investments or to keep land in forestry. Most large landowners in Washington State are independently certified for sustainable management practices. Pope Resources is a fully accredited member of the Sustainable Forestry Initiative® ("SFI"). **We view good stewardship as a fundamental obligation for ourselves and others practicing intensive forest management.** Certification serves as additional assurances to our customers, our investors, and the public that our forests will remain productive into perpetuity.

2) Land availability/affordability?

Availability of affordable forestland in the Hood Canal basin is of some consideration for our success in continued forest operations. Some soil types in this region are not highly productive. At the same time, timberland in this region has many characteristics that make it attractive to land investors, speculators, and recreational owners. Good views, recreational potential, proximity to mountains and water are all incentives to exit forestry. Currently, many of the large industrial landowners in the Hood Canal basin are listing their small, non-strategic land for sale at prices that preclude the option of long term timberland management for the successful buyer. When we are in a position to grow our timberland base, we typically find land that is more attractively priced in other parts of western Washington and Oregon that is further away from population centers or has less of the higher-and-better-use land values described above.

3) Market access/price?

Having healthy and competitive markets for the forest products that come from our lands is one of the most important factors for the long-term success of our business and in assuring these lands remain as timberlands. **With the closure of the Port Gamble sawmill in 1995, there are no longer any sawmills in the Hood Canal basin.** The nearest sawmills are in Shelton and Port Angeles. Tacoma, Olympia, and Port Angeles currently provide an important outlet for a portion of our logs that are sold to overseas customers. Port Townsend Paper Co. remains the only viable market for residual chips produced in sawmills or pulpwood and other byproducts of harvest operations within the Hood Canal basin. We need all these market outlets to maintain a healthy commercial forestry investment environment. Losing any one of these markets limits our ability to achieve an acceptable investment return and will contribute to more land use changes. We must continue to promote forestry as a preferred land use and to support all these downstream market outlets associated with commercial timber production in order to maintain this important industry within the region.

4) Community perception/support?

As long-term landowners, we take our land stewardship responsibilities very seriously. While we believe in private property rights and the fundamental right for a citizen or business to manage their property in any lawful manner, we also value the importance of being a good member of the community and a good neighbor. Public support and understanding of forestry is an ongoing challenge. Many rural Washington residents are familiar with the timber industry and various aspects of forest management, and especially how important these industries are to their rural communities. They have seen how quickly harvested areas are replanted and grow back into young vigorous stands of trees. Over time, they have also seen forest practices improve, with smaller harvest units, additional protections for streams and lakes, and better road construction standards that minimize erosion. A challenge remains educating our urban neighbors, newcomers to the Pacific Northwest, and young people growing up with the notion that cutting trees is bad or that once harvested, lands do not recover. Unfortunately, it's these urban neighbors that indirectly set regulatory policy through their control of statewide elected positions. We recognize that reaching out to these urban audiences is an important activity for the long-term viability of the forest products industry in Washington.

5) Other?

We believe that commercial forestry is one of the lightest impact land uses within the Hood Canal basin and should be a preferred land use in order to help maintain the health of the Hood Canal. However, we believe that this preferred land use is at risk with encroaching population pressures, our current regulatory environment, the expectation that regulations are going to continue to increase operating costs, and gradual shrinkage of our forest products manufacturing base. While this may sound self serving, we believe that the various stakeholders within the Hood Canal basin should work to keep not only forestry as the preferred land use, but also to work to maintain our existing forest product manufacturing facilities. Along with forest management, one of our important lines of business at Pope Resources is real estate. In the decades ahead, development and housing for a growing population will be needed in the Hood Canal basin just as surely as commercial forests and open space. Thoughtful and well designed real estate projects, where appropriate, with efficient and highly-effective sewage treatment and storm water treatment measures or facilities, must be a part of the long-term socio-economic health of the region. Such a vision is appropriate for the historic town of Port Gamble and a portion of its adjacent timberlands. Our vision is to strike a balance between the need to house and provide services to a growing population with the desire to maintain as much of the existing timberland base as possible. We are proud of the collaborative effort between our company, the community, and Kitsap County in trying to realize this shared vision. However, as with forest management, the required investments for this type of project come only with regulatory and government certainty and a positive vision from the many stakeholders in the region.

We welcome the chance to participate in the HCCC planning process and contribute to the efforts to develop a long-term vision that includes both timberland management and thoughtful land use changes to accommodate growth.

Jerry Harpole, Harpole Horse Logging in Port Townsend, WA

The balance between regulation, incentives and stewardship.

There is a balance that is needed between regulation and stewardship. Since regulations are in place, they should be enforced. The need for stewardship is something most people understand and support, and the more we can provide information and good market-based incentives for folks, the more successful that will be.

My motto is “take as little as you can get by on and do it as gently as possible!”

Market access/Price

Right now, mills aren't buying, and if they are the prices aren't usually enough to cover costs. We need to find approaches to increase price and increase access to products that are of higher value. One good example would be the need to begin to move alder forests to conifer forests in sensitive shoreline areas in lower Hood Canal related to the low dissolved oxygen issues there. By taking bigger alder trees with horse logging and other low impact approaches, we can maximize a profit and maximize nitrogen reduction in these forests, without doing much damage.

Community perception/support

Horse logging sells itself from the public perspective, as folks realize that we can't do much damage without 300 horsepower at our fingertips.

